

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1949 - SB 2564

February 16, 2022

SUMMARY OF BILL: Authorizes certain city councils, upon the adoption of an ordinance by a two-thirds vote of the entire membership of the council, to fix the salaries of the mayor and council members annually at the time the operating budget is adopted, but not to take effect before the end of the term for which the council members were elected.

FISCAL IMPACT:

Other Fiscal Impact – Due to multiple unknown variables, the extent and timing of any permissive increase in local expenditures cannot be reasonably determined.

Assumptions:

- The proposed legislation applies only to municipalities with a modified city manager-council charter, of which there are two in the state: Elizabethton and Union City.
- Pursuant to Tenn. Code Ann. § 6-32-110(a):
 - Council members shall be compensated at a rate of five dollars per meeting attended, not to exceed \$120 per year.
 - The council is further authorized to adopt an ordinance, by a two-thirds vote, to fix the compensation of council members at no more than \$150 per month and the compensation of the council person serving as mayor at no more than \$200 per month, to take effect at the end of the term of the council person whose term last expires.
- Both Elizabethton and Union City's city councils have adopted an ordinance to fix the compensation of council members at \$150 per month and the council person serving as mayor at \$200 per month. This results in a recurring expenditure of \$13,200 [(6 members x \$150 x 12 months) + (1 mayor x \$200 x 12 months)] for each municipality.
- The proposed legislation would authorize these municipalities to adopt an ordinance, by two-thirds vote, to fix the salaries of the mayor and council members, simultaneously with adoption of the annual budget, but would not take effect until the end of the term for which the council members were elected.
- Due to the Union City and Elizabethton city councils both capping city council salaries at the maximum limit under current law and each city council already possessing the authority to decrease salaries, it can be reasonably assumed that if either city council adopts an ordinance to fix salaries annually at the time of the operating budget, the councils will opt to increase the salaries of the city council.

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- The proposed legislation will result in a permissive increase to local government expenditures; however, due to unknown variables such as which city councils will adopt such an ordinance, the extent of any salary increases, and the timing of any payments due to expiration of member terms, the extent and timing of any permissive increase in local expenditures cannot reasonably be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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